

FROM THE EDITOR'S DESK

Greetings!

Cost Accounting Standards (CAS) are a set of standards that provide a structured approach to achieve uniformity and consistency in cost accounting principles and practices. These provide guidance on the preparation of General Purpose Cost Statements. To promote uniformity, there was

an urgent need to integrate, harmonize, and standardize the cost accounting principles and practices. Therefore, the Generally Accepted Cost Accounting Principles have been clearly defined and well documented in the form of the Cost Accounting Standards.

The Cost Accounting Standards Board (CASB) also keep in focus the Generally Accepted Cost Accounting Principles and formalize them so that with the passage of time, an accepted framework can be evolved and remain capable of adoption by all users of the standards, including industries, professionals, and other stakeholders. While formulating the Cost Accounting Standards, the CASB takes into consideration the applicable laws, usage and business environment prevailing in India. CASB also gives due consideration to the Cost Accounting Standards, principles and practices being followed by the other countries.

The CASB has identified 39 areas for developing the CASs, which include the 22 standards released so far. Of these, 21 areas relate to components of cost and the remaining 18 areas are on cost accounting methodologies.

Objectives

- To equip the profession with better on standard



cost accounting practice

- To assist the Cost Accountants in preparation of uniform cost statements
- To assist the management to follow the standard cost accounting practices in the matter of compliance of statutory obligations
- To help Indian industry and the Government to-

wards better cost management

An effective Cost audit provides assurance to the management and the government that a company is maintaining appropriate cost records as prescribed by law and to identify waste of resources, if any. Cost audit report provides useful insights into the weaknesses in processes and activities and also provides inputs in formulating plans for continuous improvement in utilization of resources and to enhance productivity and cost competitiveness.

In the manufacturing, mining and service sectors, CAS plays an important role for classification of cost, reduction of cost and to minimize wastage. In the one hand the Cost Accounting Standards help to determine cost of production and capacity, while on the other hand, CAS defines the rules for levy of excise duty on goods used for captive consumption.

This issue presents a good number of articles on the cover story theme 'Cost Accounting Standards and its economic implications' by distinguished authors and an interview of an industry stalwart. We look forward to constructive feedback from our readers on the articles and overall development of the journal under this section. Please send your mails at editor@icmai.in. We thank all the contributors to this important issue and hope our readers enjoy the articles.